



HEALTH ANNUAL STATEMENT

AS OF DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

SelectCare HMO, Inc.

NAIC Group Code 1311 1311 NAIC Company Code 95464 Employer's ID Number 38-2598455
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [X] Is HMO Federally Qualified? Yes (X) No ()

Incorporated December 3, 1984 Commenced Business July 1, 1986

Statutory Home Office 2850 West Grand Boulevard, Detroit, Michigan 48202
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 2850 West Grand Boulevard, Detroit, Michigan 48202 313-872-8100
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2850 West Grand Boulevard, Detroit, Michigan 48202
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 2850 West Grand Boulevard, Detroit, Michigan 48202
(Street and Number, City or Town, State and Zip Code)
313-872-8100
(Area Code) (Telephone Number)

Internet Website Address www.selectcare.com

Statement Contact Ronald W. Berry 313-664-8559
(Name) (Area Code) (Telephone Number) (Extension)
RBerry2@hapcorp.org 248-664-8433
(E-Mail Address) (Fax Number)

Policyowners 2850 West Grand Boulevard, Detroit, Michigan 48202 313-872-8100
Relations (Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)
Contact and Phone Number

OFFICERS

President Cleve L. Killingsworth, Jr.
Secretary Maurice E. McMurray
Treasurer Joseph E. Schmitt, III

OTHER OFFICERS

Asst. Secretary: Deborah Tasich Withrow

DIRECTORS OR TRUSTEES

Cleve L. Killingsworth, Jr.
Maurice E. McMurray
Francine Parker

State of Michigan }
County of Wayne } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Cleve L. Killingsworth, Jr. Maurice E. McMurray Joseph E. Schmitt, III
President Secretary Treasurer

Subscribed and sworn to before me this
day of

NOTARY PUBLIC (Seal)

a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

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Exhibit 3, Accident and Health Premiums Due and Unpaid

NONE

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Exhibit 4, Health Care Receivables

NONE

EXHIBIT 5 - CLAIMS PAYABLE (Reported and Unreported)

Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0399999 - Aggregate accounts not individually listed-covered					16,693,539	16,693,539
0499999 - Subtotals					16,693,539	16,693,539
0799999 - Total claims payable.						16,693,539

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
SelectCare, Inc.	784,737					784,737	
0199999 - Subtotal - Individually listed receivables.	784,737					784,737	
0399999 - TOTAL gross amounts receivable.	784,737					784,737	

EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
SelectCare, Inc.	Interco Activity	3,718	3,718	
0199999 - Subtotal - Individually listed payables		3,718	3,718	
0399999 - TOTAL gross payables		3,718	3,718	

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SelectCare HMO, Inc.

EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries						
3. All other providers						
4. Total capitation payments						
Other Payments:						
5. Fee-for-service			X X X	X X X		
6. Contractual fee payments			X X X	X X X		
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments	21,687,945	100.000	X X X	X X X		21,687,945
12. Total other payments	21,687,945	100.000	X X X	X X X		21,687,945
13. Total (Line 4 plus Line 12)	21,687,945	100%	X X X	X X X		21,687,945

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
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NONE

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Exhibit 9, Furniture and Equipment and Supplies Owned

NONE



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SelectCare HMO, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION

2. DIVISION

(LOCATION)

NAIC Group Code: 1311

NAIC Company Code: 95464

BUSINESS IN THE STATE OF MICHIGAN DURING THE YEAR 2002

	1	Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	74,483	223	69,337					4,581		342
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters for Year:										
7. Physician										
8. Non-Physician										
9. Total										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Premiums Collected	3,343,877		1,936,630				1,407,247			
13. Premiums Earned	1,017,299		822,837				194,462			
14. Amount Paid for Provision of Health Care Services	21,687,645		14,832,365				1,748,716	5,106,564		
15. Amount Incurred for Provision of Health Care Services	(6,001,364)		(4,258,587)				(782,733)	(960,044)		



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SelectCare HMO, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION

2. DIVISION

(LOCATION)

NAIC Group Code: 1311

NAIC Company Code: 95464

BUSINESS IN THE STATE OF MINNESOTA DURING THE YEAR 2002

	1 Total	Comprehensive (Hospital and Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefits Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year										
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters for Year:										
7. Physician										
8. Non-Physician										
9. Total										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Premiums Collected										
13. Premiums Earned										
14. Amount Paid for Provision of Health Care Services										
15. Amount Incurred for Provision of Health Care Services										

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE SelectCare HMO, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION

2. DIVISION

(LOCATION)

NAIC Group Code: 1311

NAIC Company Code: 95464

BUSINESS IN THE STATE OF GRAND TOTAL DURING THE YEAR 2002

	1	Comprehensive (Hospital and Medical)		4	5	6	7	8	9	10
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	74,483	223	69,337					4,581		342
2. First Quarter										
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months										
Total Member Ambulatory Encounters for Year:										
7. Physician										
8. Non-Physician										
9. Total										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Premiums Collected	3,343,877		1,936,630				1,407,247			
13. Premiums Earned	1,017,299		822,837				194,462			
14. Amount Paid for Provision of Health Care Services	21,687,645		14,832,365				1,748,716	5,106,564		
15. Amount Incurred for Provision of Health Care Services	(6,001,364)		(4,258,587)				(782,733)	(960,044)		

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Schedule A, Verification Between Years
NONE

Schedule B, Verification Between Years
NONE

Schedule BA, Verification Between Years
NONE

Page 37

Sch. D, Pt. 1A, Sn. 1, Quality and Mat. Dist. All Bonds
NONE

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Sch. D, Pt. 1A, Sn. 1, Quality and Mat. Dist. All Bonds (Cont)
NONE

Page 39

Sch. D, Pt. 1A, Sn. 1, Quality and Mat. Dist. All Bonds (Cont)
NONE

Page 40

Sch. D, Pt. 1A, Sn. 2, Maturity Distribution All Bonds
NONE

Page 41

Sch. D, Pt. 1A, Sn. 2, Maturity Distribution All Bonds (Cont)
NONE

Page 42

Sch. D, Pt. 1A, Sn. 2, Maturity Distribution All Bonds (Cont)
NONE

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Sch. DA, Pt. 2, Verification of Short-Term Investments
NONE

Page 44

Schedule DB, Part A, Verification Between Years
NONE

Schedule DB, Part B, Verification Between Years
NONE

Page 45

Schedule DB, Part C, Verification Between Years
NONE

Schedule DB, Part D, Verification Between Years
NONE

Schedule DB, Part E, Verification of Statement and Fair Values
NONE

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Sch. DB, Pt. F, Sn. 1, Summary Replicated (Syn.) Assets Open
NONE

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Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets
NONE

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Sch. S, Pt. 1, Sn. 2 Reinsurance Assumed Accident and Health
NONE

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Sch. S, Pt. 2, Reinsurance Recoverable on Paid and Unpaid Losses
NONE

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Sch. S, Pt. 3, Sn. 2, Reinsurance Ceded Accident and Health
NONE

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Sch. S, Pt. 4, Reinsurance Ceded to Unauthorized Companies

NONE

SCHEDULES S - PART 5

Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2002	2 2001	3 2000	4 1999	5 1998
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII - Medicare					
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total medical and hospital expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable		290			
8. Reinsurance recoverable on paid losses		265			
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

SCHEDULE S - PART 6

Restatement of Balance Sheet to Identify Net Credit for Ceded Reinsurance

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
ASSETS (Page 2, Column 3)			
1. Cash and invested assets (Line 9)	20,347,105		20,347,105
2. Amounts recoverable from reinsurers (Line 12)			
3. Accident and health premiums due and unpaid (Line 10)			
4. Net credit for ceded reinsurance	XXX		
5. All other admitted assets (Balance)	811,795		811,795
6. Total assets (Line 23)	21,158,900		21,158,900
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)	16,693,539		16,693,539
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 6)			
10. Reinsurance in unauthorized companies (Line 14)			
11. All other liabilities (Balance)	23,015		23,015
12. Total liabilities (Line 18)	16,716,554		16,716,554
13. Total capital and surplus (Line 26)	4,442,346	XXX	4,442,346
14. Total liabilities, capital and surplus (Line 27)	21,158,900		21,158,900
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

SCHEDULE Y (Continued)

PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.....	38-2535306	SelectCare, Inc.	6,500,000	.....	.....	(781,019)	.....	.....	.....	.....	5,718,981	.....
95464	38-2598455	SelectCare HMO, Inc.	(6,500,000)	.....	.....	781,019	.....	.....	.....	.....	(5,718,981)	.....
9999999	- CONTROL TOTALS											

If the nature of the transactions reported in Part 2 requires explanation, report such in the following explanatory note:

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SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING		RESPONSE
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?		No
EXPLANATION:		
<div></div>		
BARCODE:		9 5 4 6 4 2 0 0 2 3 6 0 0 0 0 0 0
Document Identifier 360:		
2. Will the Supplemental compensation Exhibit be filed with the state of domicile by March 1?		Yes
EXPLANATION:		
<div></div>		
BARCODE:		
Document Identifier 460:		
3. Will an actuarial certification be filed by March 1?		Yes
EXPLANATION:		
<div></div>		
BARCODE:		
Document Identifier 440:		
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?		Yes
EXPLANATION:		
<div></div>		
BARCODE:		
Document Identifier 390:		
5. Will the Risk-based Capital be filed with the state of domicile, if required, by March 1?		Yes
EXPLANATION:		
<div></div>		
BARCODE:		
Document Identifier 390:		
6. Will the SVO Compliance Certification be filed by March 1?		No
EXPLANATION:		
<div></div>		
BARCODE:		9 5 4 6 4 2 0 0 2 4 7 0 0 0 0 0 0
Document Identifier 470:		

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

APRIL FILING	RESPONSE
7. Will Management's Discussion and Analysis be filed by April 1?	Yes

EXPLANATION:

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BARCODE:

Document Identifier 350:

8. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
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EXPLANATION:

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BARCODE:

Document Identifier 330:

95464200233000000000



9. Will the Investment Risks Interrogatories be filed by April 1?	Yes
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EXPLANATION:

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BARCODE:

Document Identifier 285:

JUNE FILING	
10. Will an audited financial report be filed by June 1 with the state of domicile?	Yes

EXPLANATION:

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BARCODE:

Document Identifier 220: